

OVERVIEW

Department of Revenue Director: Brendan Beatty (Appointed by Governor)
Division Administrator: Becky Schlauch

The Alcoholic Beverage Control Division in the Department of Revenue came under the monitoring duties of the Economic Affairs Interim Committee through the passage of House Bill 16 in the 2017 session. Prior the assignment to the Economic Affairs Interim Committee for interim monitoring, what was then named the Liquor Control Division came within the purview of what was then the Revenue and Transportation Interim Committee, which monitored both the Department of Revenue and the Department of Transportation. A reason for the oversight reassignment was because the Economic Affairs Interim Committee generally has among its members legislators who have heard alcohol-related bills during their time on the Senate Business, Labor, and Economic Affairs or the House Business and Labor standing committees.

GOALS

The divisions website: <https://mtrevenue.gov/about/alcohol-control/> lists its goals as providing "effective and efficient administration of the Montana alcoholic beverage code with an emphasis on customer service and public safety by applying uniform and fair regulations while ensuring an orderly system for the convenient distribution and responsible consumption of alcoholic beverages."

Alcoholic Beverage Control Division	
Bureau	FTE actual
Licensing Bureau	8
Liquor Distribution Bureau	17
Operations Bureau	8

DUTIES: ADMINISTERED THROUGH LICENSING OR REGULATION

Through two bureaus and an education and training program, the Division:

- Licenses manufacturers, importers, retailers, and distributors of alcoholic beverages;
- Collaborates with the Department of Justice and local law enforcement for pre-licensing investigations and for investigation of public complaints and other enforcement;
- Oversees operations of agency liquor stores and distribution through the state liquor warehouse through which almost all liquor and fortified wine products must be handled (exceptions are allowed for some locally produced goods); and
- Oversees the training and education under the Responsible Alcohol Sales and Service Act and does outreach for new licensees and anyone with questions on alcoholic beverage law.

FUNDING

The Alcoholic Beverage Control Division operates as a business, using proprietary funding from fees and taxes assessed under Title 16, MCA. Revenues that exceed the requirements for running the division go either to the

general fund or to specific health programs. See below for the Alcoholic Beverage Control Division's biennial FY 2025 budget amounts and estimated revenues by source.

Estimated Revenue by Source FY 2024					
HJ 2 Implied All Funds					
\$ Million					
Beer Tax	Wine/Hard Cider Tax	Liquor Excise Tax	Liquor License Tax	Liquor License Transfer Revenue	Liquor Profits
\$4.438	\$4.000	\$ 26.425	\$16.976	\$3.039	\$23.700

LEGISLATIVE AUDITS

The Alcoholic Beverage Control Division is audited with the Department of Revenue's regular audits. The most recent (2022) audit of that department did not specify any concerns about ABCD.

HOT TOPICS AND AREAS OF INTEREST TO THE EAIC

- Three tier system – how does it work and is everyone happy with it?
- With all of the legislation that passed in 2023, was there any conflict? What fell through the cracks and needs to be fixed?

RELATED LEGISLATION PASSED IN 2023

During the 2021-2022 interim, the Alcoholic Beverage Control Division requested **thirty-six** bill drafts. Of the thirty-one drafted and introduced, **twenty-nine** were passed and approved.

- HB 31** Revises alcoholic beverage laws related to academic brewer licenses; allows a unit of the Montana University System or a Montana community college that is part of a community college district the ability to apply for an academic brewer license; defines a postsecondary institution.
- HB 43** Revises alcohol laws relating to the death or incapacity of a licensee or owner of a license; provides requirements for certain parties to notify the department; provides for department rulemaking authority.
- HB 48** Revises alcohol laws relating to storage depots; allows distilleries, wineries, and breweries to maintain and operate storage depots; requires licensees to pay a fee for each licensed storage depot location.
- HB 49** Revises laws relating to beer wholesaler and table wine distributor agreements; requires a wholesaler to notify a beer importer of the filing of an agreement with the department; requires a table wine distributor to notify the supplier of a filing of an agreement with the department.
- HB 50** Revises alcohol laws to remove an exception in 16-4-105 that no longer applies to restaurant beer and wine licenses.

- HB 68** Revises laws relating to the sale of beer and wine licenses; creates retail beer and wine licenses by combining retail beer licenses with wine amendments; eliminates wine amendments; revises annual fees; revises golf course beer and wine licenses.
- HB 69** Revises alcoholic beverage laws relating to agency stores; revises laws relating to table wine; eliminates the phasing out of commission rates; clarifies hours of operation; revises laws related to payment for sales.
- HB 70** Revises alcohol laws pertaining to the renewal of licenses; revises the renewal statute to include licensees already subject to the statute; revises laws relating to the nonrenewal of a license by the department; revises laws relating to payment of annual renewal fees.
- HB 71** Revises alcoholic beverage laws relating to the transfer of licenses; allows the department to grant temporary operating authority to an applicant; allows for the transfer of alcoholic beverage inventory with a bona fide sale if certain conditions have been met; provides that the temporary operating authority may not exceed 180 days; provides for eligibility requirements.
- HB 72** Revises alcoholic beverage laws relating to restaurant beer and wine licenses; eliminates restaurant beer and wine license ownership restrictions; eliminates redundant provisions relating to the transfer of ownership, revises the payment deadline of the licensing fee; clarifies the number of seating licenses that may be issued.
- HB 95** Generally revises alcoholic beverage laws; revises wholesaler laws; revises requirements by the Department of Revenue; removes references to malt liquors; revises laws relating to the conveyance of alcoholic beverages; revises laws relating to payment by retail licensees to brewers, beer importers, or wholesalers; updates language relating to refilling liquor bottles; revises laws relating to raffles or auctions; revises laws relating to referencing applicable federal laws; revises laws relating to shipments by common carriers; revises laws relating to table wine.
- HB 96** Revises alcoholic beverages laws relating to the examination of licensed premises; includes additional licensees in the examination process.
- HB 97** Generally revises alcoholic beverage laws; revises laws related to price reduction for quantity sales of liquor; revises alcohol licenses pertaining to golf courses; revises laws related to liquor store agents and table wine; revises definitions; provides rulemaking authority.
- HB 98** Revises airport alcoholic beverages licenses relating to premises suitability; revises requirements for airport alcohol licenses; requires safeguards.
- HB 120** Allows the Department of Revenue to allow alcoholic beverage manufacturer trade shows; allows alcoholic beverage manufacturers to showcase products at trade shows.
- HB 123** Prohibits the prospecting of certain retail alcoholic beverage licenses; requires 1 year of use prior to transferring a license; provides exceptions in the event of death or circumstances reasonably beyond the control of the licensee.

- HB 127** Creates a combined beer wholesaler and table wine distributor license; eliminates separate beer wholesaler and table wine distributor licenses.
- HB 144** Revises alcohol license laws related to the competitive bidding process; allows the Department of Revenue to publish the availability of more than one license until the quota has been reached; revising requirements regarding the competitive bidding process.
- HB 145** Reduces the period for a moratorium when denied an alcohol license application.
- HB 155** Revises laws relating to certain ownership interest license transfers.
- HB 157** Revises laws relating to the Department of Revenue's operations and duties; revises the definition of "table wine"; clarifies language relating to the sale of liquor; revises laws relating to the preparation of alcohol; revises laws relating to withdrawal of liquor from the regular warehouse inventory.
- HB 160** Removes the restriction that a retail licenses may not display or permit to be displayed beer advertising on the exterior of buildings adjacent to the licensee's premises.
- HB 164** Allows beer and wine licensees to obtain a catering endorsement without having to be engaged primarily in the business of providing meals; provides that concessionaires may not sponsor catered events.
- HB 166** Eliminates specific examples of seasonal businesses; provides for a 1-year nonuse period if the licensee notifies the Department of Revenue.
- SB 20** Eliminates the penny tax; provides for deficiency assessments; provides procedures to compute alcoholic beverage taxes in the absence of statements; provides authority by the department to collect delinquent taxes; provides for refunds and interest; revises laws related to the filing of forms; provides for the filing of electronic forms and providing dates.
- SB 21** Adopts qualifications for location managers; revising fingerprint requirements to include location managers.
- SB 59** Provides that public convenience and necessity considerations are limited to consideration of the alcoholic beverage; revises laws related to department requests for additional licensing information; revises laws related to table wine; revises laws relating to resort area licenses; revises laws relating to special permits.
- SB 63** Revises license terminology; revises laws relating to the manufacture of alcoholic beverages for personal use.

SB 75 Allows out-of-state breweries to be registered in Montana; allows certain sales and shipping of beer; revises laws related to beer shipped by beer wholesalers; revises laws related to resort area all-beverage licenses; revises laws relating to suitable premises for retail licenses; revises laws relating to suitability of license applicants and license qualifications; adding new entity types that can be vetted for licensure.

Other alcohol related legislation:

HB 124 Revises the collection of taxes on beer, wine, and hard cider from monthly to quarterly.

HB 242 Allows a person to be issued up to seven all-beverages licenses.

HB 254 Clarifies that curbside pickup constitutes orders that are made in person, including through a drive-through window.

HB 305 Allows a limited exception for licensed brewers, distillers, and wineries to hold retail licenses, allows a limited exception for retail licensees to hold a brewer, distiller, or winery license.

HB 455 Removes the Department of Revenue's prohibition on approving gelatin cup alcoholic beverage products.

HB 539 Allows an alcoholic beverage licensee to operate a guest ranch and serve alcohol at the premises; revises laws related to license lapse; revises laws relating to distillery hours of operation; allows licensed retailers to purchase beer and table wine from licensed in-state retailers and provides limitations.

HB 578 Allows a licensee with a catering endorsement to sell liquor in original packaging for off-premises consumption during a liquor manufacturing industry-specific event sponsored by a licensed distiller; provides up to six special events per year.

HB 579 Revises distillery laws to provide that licensed premises may include more than one building for manufacturing purposes pursuant to federal law; clarifies that a distillery that has more than one manufacturing location may not operate more than one sample room.

HB 783 Revises alcohol special permit laws; allows a winery to sell alcohol that is fermented or blended by the winery for off-premises consumption; provides for up to 12 special permits per year.

HB 867 Allows agency liquor stores to remain open on Sundays, Mondays, and legal holidays; provides that the operating hours are subject to restrictions; allows the state to recoup costs in physically recovering existing inventory for which it has a lien for late payments by the agency liquor store; allows credit purchases from agency liquor stores if payment is made within a certain amount of time.

- SB 209** Revises hours of operation in a distillery to align with brewery sample rooms.
- SB 264** Allows a licensee to lease an airport all-beverages license to up to three individuals or entities; establishes provisions for licensees; amends an airport's minimum total annual passengers to qualify for a license; eliminates curbside pickup for an airport all-beverages license.
- SB 312** Revises brewery laws to allow for collaboration beers; allows brewers to serve beer not brewed on the premises if made in collaboration with another Montana small brewery.